

# Management News



## BUSINESS CONDITIONS & FORECASTS

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## The President's Scratch-Pad

### The Returning Veteran

The veteran of World War II, while returning to a civilian society much different in some respects from that to which his father returned in 1918, will face personal readjustments that are essentially identical. The integration of veterans never will be an easy process, and no attempt should be made to minimize the problems attending it. On the other hand, those who study veteran readjustment agree that too much meddling and too much sentimentalism can enormously complicate these difficulties.

#### AN INDIVIDUAL PROBLEM

It is well to keep in mind that adjustment of the veteran to civilian life is fundamentally the veteran's problem. In the final analysis, it is the man himself who must do the job. That he will get help, there is no doubt; and it is the country's obligation to make sure that it is help of the right kind. There is grave danger that many well-intentioned but misguided agencies and individuals may create an atmosphere that would not only confuse the returning soldier but also stifle his natural initiative.

Experience in demobilizing veterans during the last war and thus far in World War II indicates that there are three critical points for the veteran leaving Army life: (1) his life in the weeks immediately preceding mustering out, when he begins to think seriously about what he will do when he becomes a civilian; (2) the kind of treatment he is accorded when he reaches his own community; (3) his experience in resuming his efforts to make a livelihood.

#### COMMUNITY SERVICES

The Armed Services can be relied upon to do intelligent work in educating the soldier immediately before his release, but the Services should by all means indicate very plainly to the individual a definite routine that he should follow in the first few weeks when he is "on his own" again. As far as community help to the veteran is concerned, Selective Service officials, company personnel directors, and all others interested in the veteran have urged that there be utmost coordination among the receiving agencies at the community level. They point out that if government reemployment centers, unions, fraternal organizations, etc., do not coordinate their programs, they will find themselves working at cross-purposes and eventually creating frictions that can have serious consequences.

While large numbers of companies have already reemployed veterans and have encountered no difficulty in helping the men adjust themselves to a new life, few companies have reemployed veterans *en masse*. Well-managed organizations, however, are planning now to meet the situation that will face them when veterans call for employment in vastly increased numbers and when jobs are not so plentiful. It is not only a matter of knowing how many veterans can be employed; the company must also have a predetermined policy concerning seniority and job classifications.

#### INFORMATION ABOUT VETERANS

The AMA hopes that in the next few weeks or months it will be possible for

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## TRENDS IN BUSINESS

#### GENERAL OUTLOOK

There are two dangers inherent in the present economic situation, and to guard against the one may expose the country to the other. The first is that too much reconversion will hamper military supply and thus prolong the war; the second, that the sudden collapse of the Nazis may find civilian production unable to take up the mass unemployment resulting from wholesale cutbacks.

Stands currently taken by the military and by influential persons in the War Production Board preclude the probability that the first danger will materialize. The second, however, is very real and pressing. Such reconversion as has been authorized for August 15 is only a trickle, and it is not an impossibility that we may need a flood of it not so long after that date.

It must be borne in mind, however, that the situation involves a gamble in any case, and that it is unthinkable to chance a longer war, even by the slightest. Under such circumstances, the position taken by the Services is doubtless the only possible one.

#### MONEY AND CREDIT

Treasury statements through June 26 indicate that a marked improvement has taken place in the federal budget outlook, the National City Bank reports.

This fiscal year's deficit, the bank's bulletin points out, "is more than \$5,000,000,000 less than forecast by the President last January, and \$22,000,000 less than forecast in January, 1943. Total net receipts reached approximately \$44,000,000,000 in 1944, a new high, comparing with the \$22,000,000,000 in 1943, \$5,000,000,000 in the pre-war year 1940, and with the interwar low of \$2,000,000,000 in 1932. Total net expenditures in 1944 aggregated around \$94,000,000,000, compared with \$78,

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## Trends in Business

(Continued)  
000,000,000 in 1943, \$9,000,000,000 in 1940, and \$4,500,000,000 in 1932."

### PRODUCTION

Manufacturing activity dropped again in May for the third successive month, declining to the lowest rate since March, 1943. The Federal Reserve Board's index (unadjusted for seasonal variation) stood at 253, compared with 258 in May, 1943, marking a reduction of 5.9 per cent from the peak of last October.

Production of aircraft continued at approximately the level of the previous month, but over-all munitions output registered a slight decline. Cotton consumption dropped to 16 per cent below the level for May, 1943. While output of manufactured dairy products showed a seasonal rise, manufacture of most other food products registered a slight decrease.

Steel production, however, was maintained at a high rate, and production of iron ore rose to a level exceptional for the season. Output of crude petroleum and coal also showed a considerable rise.

### DISTRIBUTION

The shortage of textiles continues acute with little likelihood of any great relief in the near future, but the outlook for civilian supply is slightly better than it has been. WPB's new textile order, now in process of preparation, is expected to insure that certain amounts of material will be reserved for lower-priced clothing; and this, coupled with the fact that the Services have received definite allocations which can be increased only by special justification, is expected to ease the civilian situation.

One amazing fact about the whole distribution picture, actually, is the small extent to which the civilian population has gone short. Department store sales continue well above last year's figures—12 per cent above in the week ending July 1, for example. Department of Agriculture estimates reveal that despite war requirements, civilians consumed from 5 to 7 per cent more food in 1943 than the average for 1935-39, and only about 2 per cent less than in 1942.

### SOURCES:

**ALEXANDER HAMILTON INSTITUTE**  
**BROOKMIRE, INC.**  
**BUSINESS WEEK**  
**CLEVELAND TRUST COMPANY**  
**DUN'S REVIEW**  
**FEDERAL RESERVE BANK OF**  
**NEW YORK**  
**NATIONAL CITY BANK**

## WHAT MANAGERS ARE SAYING

### MANAGEMENT SECURITY

I have read the editorial in *Management News* dated April 26, and thought you might be interested in some attempts we are making along the line of a management security clause. It so happens that we have another name for it—"union responsibility clause."

We have been negotiating a contract with the A.F. of L. union here in our plant. Originally we presented the following paragraph:

"The union recognizes the responsibility imposed on it by its right as exclusive bargaining agent of the employees, and will back management in its efforts to get a full day's work from all employees and will join with the company in enforcing discipline on those employees who fail to support the company and the union in their efforts. In following out this program, the company will not employ any stretch-out system nor will the union allow or sponsor any slow-up by individuals or group of individuals. In order to forward this program, it is agreed that the company and the union will set up a labor-management production committee composed of five members from employees appointed by the union and four members from management appointed by the company. This committee will work in all divisions of the manufacturing plant, working for improvements in production and savings in time and materials. They will meet regularly once a week, keeping records on all problems encountered and all recommendations made, reporting back to the company and the union at least once a month outlining the problems they have run across and the disposition of these problems. These reports are to be made at the union meetings by their representatives and to the factory managers' meeting by their representatives."

Needless to say, we met with plenty of opposition on this clause. Last week we reached a compromise which might be the first step toward a real union responsibility clause. Anyway, this much will be in our new contract:

"The union recognizes the responsibility imposed on it by its right as exclusive bargaining agent of the employees and will back management in its efforts to get a full day's work from all employees.

"The company and the union both shall give consideration to and work together for the elimination of waste in production, the conservation of materials, and supplies, the improvement in quality of workmanship, the corrections of conditions making for grievances and misunderstandings, and safeguarding of health, the prevention of hazards to life and company property, and the strengthening of good will between the employer and employee, and the general public.

"In carrying out the spirit of this clause, the company and the union will set up a labor-management production committee composed of five members selected by the union and four members selected by the company. The company and the union will back up this committee in carrying out the above program."—*Vice President, Tobacco Manufacturing Company*.

### KEEPING EMPLOYEES INFORMED

As a methods man, I'm an indifferent "publicity hound," working all my spare time on some employee morale builders. Honestly, I don't know just what we should be striving for, but I sense that we are even now confronted with the problem of educating a lot of new employees on what our real purpose is in peacetime.

At present employees are getting a lot of propaganda on what we are doing for the war effort, but there are many new people who will need information on our regular job and on what the company means in peacetime. Publicity seems a good medium for accomplishing this.—*Consultant*.

### TWO VIEWS ON THE FOREMEN\*

The general practice of assuring a foreman of adequate compensation is as conducive as anything we know to making him feel that he is part of management.—*Production Executive*.

\* \* \*

Sometimes I wonder whether certain intangible factors, such as the day-in-day-out attitude of top management, are not the determining ones in making the foreman view himself as part of management.—*Personnel Director*.

### INTERPRETING THE UNION CONTRACT

We have recently signed a union contract, and are in process of planning some effective way of imparting management's interpretation of its various phases to the supervisory force.

One of the plans we are considering is to have our attorney put the contract and his interpretation of its various clauses on a master record at the local broadcasting studio. From this we could obtain duplicates which we could present at scheduled meetings not only of foremen but of group supervisors and departmental clerks—in fact, of any group which should be familiar with management's interpretation of the terms of the contract.—*Manager, Industrial Relations, Furniture Company*.

### MICROFILMING

With a recent regulation making it necessary to keep contract information for five years after the war, it seems to me that office managers ought to be considering the possibility of microfilming.

With such a regulation in existence, and considering the attitude of certain investigation committees after World War I, few companies will dare destroy a paper of any kind until 1951 or 1952. As our own contracts started in the late '30's I begin to visualize the entire state knee deep in our file cases.—*Office Manager, Metal Company*.

### EVALUATION OF OFFICE JOBS

In my opinion, one of the most neglected of office problems has been the proper evaluation of office jobs. Very few people have done anything on this, and I would venture to say that most offices have a haphazard method of establishing salary standards. I am sure that this will be an important problem after the war.—*Executive, Roofing Company*.

### CAREER WOMEN

There are a lot of very good reasons why more responsibility is not thrown on women, even many women who consider themselves career people. I have had some sore disappointments in my own company in trying to develop for supervisory positions women who take their responsibilities as men would.—*Woman Personnel Manager*.

\* EDITOR'S NOTE: These two letters represent two divergent views on the foreman question. AMA's Research Department would appreciate other expressions of opinion on the subject. All information will be kept strictly confidential.

## RESEARCH DEPARTMENT

### Rest Periods

Five years of defense and war work, longer hours and greater intensity of work, have led to cumulative fatigue. In many instances this is harmful to the volume of production. Government inspectors and personnel workers report that they are "appalled and disturbed by the abysmal ignorance of many manufacturers about the relation of hours of work to fatigue and productivity," and that unless more care is taken, absenteeism, ill-health, and loss of production may sharply increase. Since rest periods during the working day can be an important aid in combating fatigue, a review of the best practice and experience may be helpful to companies.

### ADVANTAGES

Rest periods prevent cumulative fatigue. This is brought about physiologically through change of activity, posture, attitude, and surroundings. Psychologically, many workers appreciate the fact that management thinks of their health and well-being and offers them a chance to get together for conversation during working hours. Economically, there is frequently a marked spurt in activity in expectation of the rest pause. All these factors make for increased speed of working and fewer unauthorized rest pauses so that total output frequently rises.

Dr. H. M. Vernon, famous investigator of the Industrial Fatigue Research Board, in a representative survey on the effect of a 15-minute rest pause during each of two 4½-hour spells (a reduction of 5½ per cent of the actual working time), showed that in the great majority of cases the introduction of a rest period led to an appreciable improvement of total daily output. Nine-tenths of the employers interviewed thought well of the effect of organized rest periods.

### DISADVANTAGES

Some organizations, however, find that rest periods may delay the prompt resumption of work. In mass production concerns it is often impossible to break the continuity of work. Again, some workers may be irritated by enforced rests, preferring to take a rest when they feel most in need of it. Many piece-workers object altogether to any stoppage of work because of the possible loss of income. When the speed of a

machine determines the rate of output, a rest pause is only valuable as a morale and perhaps as a health factor.

### LOCATION AND LENGTH

Great care must be taken to locate official rest pauses in such a way as to suit the greatest number of workers and cause the least disturbance to production. It is generally held best to locate the pause a little after the production peak is reached, as the anticipatory effect of it may lead to an increase in output.

The length of a pause may vary from a few minutes to more than a quarter of an hour. It is becoming more and more usual to have two rest periods of ten minutes each, in the middle of the morning's work and in the middle of the afternoon. In each case it is obviously important to balance the gain in working power against the loss of working time.

Finally, rest periods may be made flexible by the provision of a percentage time allowance for the fatigue element, to be taken at the worker's option. The percentage varies with the nature of the work, the needs of the employee, etc. The operator himself can then arrange the frequency and the duration of his rest.

### PAYMENT

Time workers are often paid during rest periods; in fact, many collective bargaining agreements provide for rest periods on the employer's time—the length of the pause is defined as "reasonable" or definitely limited to 10 or 15 minutes each half day. Women are often given longer rest periods than men.

It is difficult to state a general policy for pieceworkers. Sometimes the piece-worker can choose whether to rest and how long to rest, receiving no compensation during the pause. In other cases, however, a definite allowance for rest periods is made in the calculation of the piece rate.

### REST PERIODS AND THE NWLB

No general policy or precedent on rest periods has been set by either the National or Regional War Labor Boards. However, a reduction in time worked without a corresponding reduction in wage rates or without maintenance or increase of output would be regarded as a disguised increase in wages. If rest

periods are reasonable and there is no reduction of output and no increase of unit costs, the Board's decision would be made on the merits of the case (statement of the New York Regional Board in *re Simon & Shapiro and United Furniture Workers of America*, August 1, 1943). Hence in case of doubt it seems advisable for companies planning to introduce rest periods to check with the local Wage and Hour Division.

For cases of disputes between unions and companies over union requests for rest periods on company time, no policy has been established by the War Labor Board. In the Simon & Shapiro case mentioned above, the Board directed the company to grant rest periods for a limited period of time because three other comparable companies had such a plan and favored it. Final introduction was to depend on proof by the employees that the rest period would be advantageous to the company.

The union's request for a rest period was denied in case of interruption of important war work (Bell Aircraft Corporation, July 30, 1943) and in cases in which work was neither exhausting nor monotonous (Goodyear Aircraft Corporation, December 7, 1943).

### A WORD OF CAUTION

Rules and experiences relating to rest periods must be examined carefully before application. It is a truism that each company is situated differently and that the needs of employees vary greatly. Yet this obvious fact is often neglected in introducing rest periods and the successful practices of others are sometimes adopted too rashly. The available studies on rest periods are not conclusive and do not lend themselves to generalized practice. Too many other factors may change with the introduction of rest periods and be responsible for a subsequent increase in production. The very act of measuring the effect of rest pauses may suggest a greater intensity of effort to the workers; yet this may be only temporary.

In actual practice, some workers will obviously benefit; others will not. Some will benefit more, others less. Generally it will take time until favorable results are apparent. On the other hand the increase in output may disappear when the novelty has worn off.

Many concerns find rest periods to be of great benefit. But great care must be taken to adjust practices to individual circumstances so as to obtain lasting results.

# ACTIVITIES of the AMA

## New Division Head Widely Experienced In Personnel Work

Ivan L. Willis, AMA's new Vice President for the Personnel Division, is Director of Industrial Relations for the Curtiss-Wright Corporation. He is a veteran of 15 years in industrial relations work in a number of countries on three continents, and served as Industry Member of the New York Regional War Labor Board during the first year of its organization.

From 1929 to 1935, Mr. Willis was Industrial Relations Manager for the Carter Oil Co., Tulsa, Okla., a subsidiary of the Standard Oil Company of New Jersey. In 1935 he became Assistant Manager of Industrial Relations for the Standard Oil Company (N. J.), and from that time until the outbreak of the war in 1939 he worked in North Africa and Europe, including the Scandinavian countries, organizing and laying the groundwork for industrial relations programs in Standard Oil (N. J.) subsidiaries there. During 1940 his industrial relations work for Standard Oil took him to several Central American countries and to the West Indies.

Mr. Willis joined Curtiss-Wright Corporation in August, 1941, as Director of Industrial Relations. In his present post he is responsible for industrial relations activities in Curtiss-Wright's Airplane Division, in the Curtiss Propeller Division and in the Wright Aeronautical Corporation.

Born December 9, 1897, in St. Francis, Kan., Mr. Willis is a graduate of Simpson College (A.B.) at Indianola, Iowa.

### Problem of Returning Veteran AMA Survey Returns Indicate

Management's responsibility for restoring war veterans to their jobs is the problem uppermost in the minds of management men today, judging from letters received by the AMA in the last few weeks.

Surveys now being made in preparation for the Industrial Relations Conference in New York, September 27-29, indicate that companies, while not hav-



Ivan L. Willis

### The President's Scratch-Pad

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officers of the Armed Services concerned with demobilization to have as many conferences and conversations with employers as possible. These discussions should take place throughout the country, for, judging from inquiries received from industrial and commercial firms, employers everywhere are very much in need of information about veteran integration. They understand well enough their obligations under the Selective Service Act; and they know what the government is planning for the ex-soldier. But it would be of material assistance to management if the Services would give employers a great deal of additional information. For example, many companies are wondering how they can make best use of Army-acquired skills of former and new employees. Much helpful material already has been issued on this subject, but some management are unaware of these sources of information. Employers would like some indication of what information they will

### Tops List,

ing met this problem to any great extent up until the present, anticipate that it will eventually create difficulties of a serious nature. Both personnel executives and production managers point out that there may be more men than there are jobs, and that the question of equitably discharging management's obligation to veterans and other employees who have not been in the armed services will not be an easy one.

## Wartime Personnel Conference Planned For Sept. 27 to 29

Plans are already under way for AMA's Fall Conference on Industrial Relations, which will be held September 27, 28, and 29 at the Hotel Pennsylvania, New York City, under the auspices of the Personnel Division.

Among the topics being considered for discussion are the relations of management to its present employees and war veterans, the effect on labor relations of wartime bargaining experience, the growing importance of the government as an arbiter of labor disputes, the new social and economic objectives of unions, and the status of foremen.

Suggestions on topics and speakers are solicited from the membership.

be able to obtain about the work done by veterans while in the Services. They would like to have officers who have seen Army life at the battlefronts give them practical pointers on handling the veterans and molding their attitudes when they are reemployed. They would like to have the welter of loose talk about "battle fatigue" and "psychoneuroses" cleared up. In general, this cooperation should take the form of some realistic, non-technical man-to-man discussions about a problem that concerns everyone.

During the coming year the AMA hopes that it will be able to arrange such conferences, and it urges other organizations to do the same.

*Alvin E. Dodd*

### Annual Report Mailed

AMA's annual report has now been mailed to the membership, and any member who has not yet received a copy may expect to do so shortly. Total membership, attendance at conferences, and distribution of publications reached new highs, the report indicates, and inquiries handled by the Research and Information Bureau were more numerous than in any previous year.

**Back the Attack!  
Buy More War Bonds**

